

Message Text

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PAGE 01 COLOMB 04365 101017Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 AGRE-00 /091 W
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FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 8695
INFO AMEMBASSY NEW DELHI

UNCLAS COLOMBO 4365

E.O. 11652: N/A
TAGS: EFIN, CE

SUBJ: PRE-BUDGET PRESS STATEMENT BY FINANCE MINISTER

REF: COLOMBO 4355

1. THE FOLLOWING TWO-COLUMN, FRONT PAGE STORY HEADLINED
"ECONOMIC RECOVERY A STUPENDOUS TASK-RONNIE; LAST GOVERNMENT
DROVE COUNTRY TO BANKRUPTCY" APPEARED IN THE NOVEMBER 10
EDITION OF THE CEYLON DAILY NEWS:

2. QUOTE: THE GOVERNMENT'S DECISION TO COMPLETE THE MAHAVELI
DIVERSION SCHEME IN FIVE YEARS TO GO AHEAD WITH OTHER IRRI-
GATION SCHEMES AND POWER PROJECTS, TO ESTABLISH A FREE TRADE
ZONE AND TO IMPLEMENT A CRASH PROGRAM FOR UNEMPLOYED YOUTH
WAS A TASK STUPENDOUS BY ANY STANDARDS FOR ANY FINANCE MINI-
STER, MR. RONNIE DE MEL SAID IN A PRE-BUDGET STATEMENT.

3. HE SAID THE PEOPLE HAD TO GO THROUGH A PERIOD OF SACRI-
FICE IF THEY ARE TO DEVELOP THE COUNTRY AND PULL IT OUT OF
THE PRESENT ECONOMIC MESS. THE COUNTRY FACED ABSOLUTE BANK-
RUPTCY BECAUSE MRS. SIRIMAVE BANDARANAIKE'S GOVERNMENT RUINED
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THIS COUNTRY WITHOUT ANY ECONOMIC GROWTH, HE SAID.

4. THAT HAD RESULTED IN THE RUINOUS STATE OF THE PLANTATIONS,
AGRICULTURE, FOOD PRODUCTION AND FISHERIES AND IMPEDED THE
GROWTH OF THE PRIVATE AND PUBLIC SECTORS. FOREIGN DEBTS HAD
MOUNTED SKY HIGH, THE FOREIGN MINISTER ADDED.

5. ACCORDING TO THE ESTIMATES TABLED IN PARLIAMENT ON MONDAY THE COUNTRY'S REVENUE WAS ESTIMATED AT RS. 6000 MILLION WHILE BUDGETED EXPENDITURE WAS IN THE REGION OF RS. 10,000 MILLION. THE DEFICIT WAS THEREFORE RS. 4000 MILLION.

6. THE TASK NOW BEFORE THE FINANCE MINISTER WAS TO FIND WAYS AND MEANS OF MEETING THIS DEFICIT AND HOW TO MEET IT WOULD BE DISCLOSED ON TUESDAY NOVEMBER 15, WHEN HE PRESENTS THE FIRST BUDGET OF THE UNITED NATIONAL PARTY AT THE NATIONAL STATE ASSEMBLY. END QUOTE.
WRIGGINS

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